

STATE OF MICHIGAN
DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES
CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU

In the Matter of:

Offerings Made Through the Internet
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EXEMPTION ORDER

WHEREAS, the Michigan Corporation, Securities and Land Development Bureau (the "Bureau") is charged with the administration of the Michigan Uniform Securities Act, 1964 PA 265, as amended (the "Act") and the Michigan Securities Rules; and

WHEREAS, Section 412(a) of the Act provides in part that "the administrator may from time to time make, amend, and rescind...orders as are necessary to carry out the provisions of this Act...."; and

WHEREAS, Section 402(b)(20) of the Act states that: "The following transactions are exempted from [the securities registration requirement and the sales literature filing requirement in] Sections 301 and 403 of the Act: ...Any transaction that the administrator by order exempts from the registration provisions of this act after a determination that registration is not necessary in the public interest and for the protection of investors...."; and

WHEREAS, Section 414(a) of the Act provides that "Sections 101, 201(a), 301, 405 and 410 of the Act apply to persons who sell or offer to sell when (1) an offer to sell is made in this state, or (2) an offer to buy is made and accepted in this state"; and

WHEREAS, the Bureau acknowledges that an attempt to offer to dispose of, or the solicitation of an offer to buy, a security or an interest in a security for value, that is made through the Internet, the World Wide Web or a similar proprietary or common carrier electronic system (such systems hereinafter being referred to collectively as the "Internet"), would constitute an "offer" for purposes of Section 401(j)(2) of the Act, and would otherwise trigger the registration and sales literature filing requirements in Sections 301 and 402 of the Act; and

WHEREAS, the Bureau also acknowledges that the use of the Internet may be a legitimate means of raising capital and that a communication made on the Internet may be directed not only to particular recipients but also to anyone with access to the Internet; and

WHEREAS, the Bureau finds that the issuance of this Order is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, the Bureau finds that the registration of certain Internet offers is not necessary or appropriate in the public interest or for the protection of investors.

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NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to Sections 412(a) and 402(b)(20) of the Act, that offers made by, or on behalf of, issuers on or through the Internet shall be exempt from Sections 301 and 403 of the Act, provided the following conditions are met:

A. The Internet offer indicates, directly or indirectly, that the securities are not being offered to residents of Michigan; and

B. The Internet offer is not specifically directed to any person in Michigan by, or on behalf of, the issuer of the securities; and

C. No sale of the issuer's securities are made in Michigan as a result of the Internet offering until such time as the securities being offered have been registered under Sections 303 or 304 of the Act and a final prospectus or Form U-7 is delivered to Michigan investors prior to such sales.

IT IS FURTHER ORDERED, that nothing in this Order shall preclude an issuer, or a person acting on behalf of an issuer, which offers securities on the Internet or effects sales to Michigan residents following such an offering from relying upon any other applicable exemption pursuant to Section 402 of the Act, nor shall this Order relieve such persons from liability under Section 101 of the Act.

IT IS FURTHER ORDERED, that this Order shall remain in effect until amended or rescinded by the Bureau.

Signed by Carl L. Tyson, Director
Corporation, Securities and Land Development Bureau
6546 Mercantile Way
P.O. Box 30222
Lansing, MI 48909

Dated: May 23, 1996
Lansing, Michigan